



4008

ANNUAL REPORT

of

Name: MCLEODUSA TELECOMMUNICATIONS SERVICES, INC.

Principal Office: 6400 C STREET SW
P.O. BOX 3177
CEDAR RAPIDS, IA 52406-3177

For the Year Ended: DECEMBER 31, 2002

**Alternative Telecommunications Utility --
Other Telecommunications Provider**

To

Public Service Commission of Wisconsin

Mailing Address:	P.O. Box 7854 Madison, WI 53707-7854
Courier Address:	610 N. Whitney Way Madison, WI 53705-2729
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Facsimile:	(608) 266-3957
Home Page:	http://psc.wi.gov

This form is required under Wis. Stat. § 196.07. Failure to file the form by the statutory filing date can result in the imposition of a penalty under Wis. Stat. § 196.66. The penalty which can be imposed by this section of the statutes is a forfeiture of not less than \$25 nor more than \$5,000 for each violation. Each day subsequent to the filing date constitutes a separate and distinct violation. The filed form is available to the public and personally identifiable information may be used for purposes other than those related to public utility regulation.

RULES FOR REPORTING

1. The annual report due date is April 1 of the following year. (Example: The 2002 report is due April 1, 2003.) If that date falls on a weekend or holiday, the annual report is due the following business day.
2. **Electronic filing via e-mail is required unless additional provisional confidential treatment is desired.** Go to the Public Service Commission of Wisconsin's Web Page at <http://psc.wi.gov>, click on Telecommunications, click on Annual Report Programs and Worksheets, and click on Annual Report Program for Alternative Telecommunications Utility - Other Telecommunications Providers (OTH).
3. Alternative Telecommunications Utility-Other Telecommunications Provider (ATU-Other) entities with no revenues for the report year are required to file an OTH annual report.
4. Unless otherwise indicated, the information requested in this report should be taken from the accounts and other records of the utility. A query or response concerning information contained in this report regarding any practice or transaction should not be construed as indicating conformity to pertinent regulations.
5. Please follow all instructions and answer each question fully and accurately. Provide additional information as necessary to avoid misunderstandings or misleading responses.
6. Wherever information is requested in a "note," please show that information in the space provided, or make reference to the adjacent page or insert where the note may be found. Please also identify each note. Limited footnote capability is included in the annual report software program. Please use it where necessary to fully explain particulars in the annual report.
7. Numeric items are limited to digits (0-9). Do not type commas when entering numbers. A minus sign "-" should be entered in the software program to indicate negative values. The program will convert the minus sign to parentheses if a hard copy of the annual report is printed. Negative values may not be allowed for certain entries in the annual report due to restrictions contained in the software program.
8. Please report all dollar amounts to the nearest thousand dollars.
9. This annual report should be complete in all respects. Unless otherwise authorized, avoid references to returns of former years or to other reports.
10. Wherever schedules call for data from the previous year and such data were reported in the previous annual report, the previous year's data should be reported without modification. If modified, an appropriate footnote and explanation should be included in the current year's annual report.
11. Where part or all of the report is prepared by other than utility personnel, a disclosure is required in the "Individual or firm, if other than utility employee, preparing this report" portion of the Identification and Ownership schedule, which describes the nature and extent of work performed.
12. The OTH annual report program incorporates provisional confidentiality capability for the following item, based on the Commission's Information Regarding Confidential Filings decision dated February 24, 2003, as supplemented for the new Nonregulated Revenues category on the Operating Revenues schedule:
 - a. Operating Revenues (Particulars, Wisconsin-Based Intrastate, Wisconsin-Based Interstate, Wisconsin-Based Total, and Total Company columns) (pp. 14-15) (Miscellaneous Revenues and Nonregulated Revenues descriptions, other than Video Distance Learning and Directory appearing in the report form, contained in the Particulars column (column a) and respective dollar amounts reported for the Miscellaneous Revenues and Nonregulated Revenues categories in the columns labeled Wisconsin-

RULES FOR REPORTING

Based Intrastate, Wisconsin-Based Interstate, Wisconsin-Based Total, and Total Company);

- b. Central Office Data-End of Year (p. 19)
 - i. Integrated Service Digital Network (ISDN) Lines-In Use (BRI);
 - ii. ISDN Lines-In Use (PRI);
 - iii. xDSL Lines-In Use;
 - iv. Switched 56 lines in use;
 - v. Digital Transmission Facilities: DS-1-In use;
 - vi. Digital Transmission Facilities: DS-3-In use;
 - vii. Video Information Service-In use (# lines); and
 - viii. Fiber Transmission Facilities: No. of fiber strands working (LIT) in C.O.

If additional provisional confidential treatment is desired, please contact the Commission concerning required manual filing procedures. In this situation, do not file the annual report electronically using the program's e-mail filing capabilities.

- 13. It is not necessary to manually or electronically "sign" the signature page. It is not necessary to file a hardcopy annual report printout with the Commission.
- 14. **Edit Check, Confidential Listing, Exported Annual Report, and Export Status Files; Filing the Completed Report:**

Program edit checks, which are located under the Admin dropdown menu, should be run at the completion of data entry. Each edit problem lists pertinent schedule(s) as well as the nature of the problem (such as "does not equal"). Edit items should be reviewed and corrected; unresolved problems should be footnoted in the report, if necessary. This screen automatically saves the edit checks to an .edt file that may be viewed and edited (for purposes of adding necessary notations) using a word processing package such as WordPad.

The confidential listing, which is located under the Admin dropdown menu, should also be run at the completion of data entry. This will create a .clf file.

Select the annual report to export from the Main-Report Selection window. Click Admin, Export Data to PSC to start the export process. This will create an .mdb file, which will subsequently be encrypted to a file with an .sen extension. An export status file is also created (with a .txt extension). The export status file may also be viewed in a word processing package such as WordPad. If you encounter any export errors, please contact the Commission for assistance.

The .edt, .clf, .sen, and .txt files will be zipped to a file with a .zip extension. An e-mail message will be created, addressed to pscrcs@psc.state.wi.us. The .zip file is automatically attached to the e-mail message. After the e-mail is created, it will automatically be sent to the Commission.

Once received and processed by the Commission, you will receive a response indicating that your annual report has been received and is being processed. You will be notified if there are any problems with the annual report filing.

- 15. **Name Changes:**

If a name change (e.g., the new name, the date of the change, and the affected entities with their respective four-digit Commission identification numbers) is identified in the report, documents from the State of Wisconsin Department of Financial Institutions (DFI) also must be submitted to the Commission:

RULES FOR REPORTING

A domestic corporation should send a copy of the stamped page from its Articles of Amendment as filed with DFI. A foreign corporation should send a copy of their Amended Certificate of Authority as issued by DFI.

These documents can be obtained by:

1. Calling DFI at (608) 261-7577;
2. Contacting DFI on the web at <http://wdfi.org>; or
3. By writing to DFI at P.O. Box 7846, Madison, WI 53707-7846.

A name change is not effective in the Commission's records until a separate notification letter is sent to the Commission including documentation to confirm registration of that change with the State of Wisconsin Department of Financial Institutions.

16. Changes to the Annual Report Subsequent to Filing:

If making revisions to the report subsequent to an electronic filing with the Commission, resubmit the report via e-mail following the procedures set forth above in item number 14. New edit check, confidential listing, exported annual report, and export status files should be created as a result of the revisions.

Revisions to an annual report previously filed on a manual basis also require a new complete manual filing.

- 17. Municipalities authorized by the Commission as competitive local exchange carriers (CLECs) should report only the CLEC-related amounts in the OTH annual report.**

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IDENTIFICATION AND OWNERSHIP

Exact Utility Name: MCLEODUSA TELECOMMUNICATIONS SERVICES, INC.
Utility Location: 6400 C STREET SW
P.O. BOX 3177
CEDAR RAPIDS, IA 52406-3177

Utility Web Site Address: www.mcleodusa.com

Date utility authorized to provide service in Wisconsin: 04/01/1997

State in which utility was organized: Iowa

Organization type (e.g., corporation, partnership): Corporation

New Utility Name:

Effective Date:

Telephone numbers for potential customers to contact company:

Business Customers: (800) 593 - 1177 Ext:

Residential Customers: (800) 500 - 3453 Ext:

Officer in charge of correspondence concerning this report

Name: DAVID R. CONN
Title: ASSISTANT SECRETARY
Firm/Company: MCLEODUSA, INC.
Office Address: 6400 C STREET SW
P.O. BOX 3177
CEDAR RAPIDS, IA 52406-3177
Fax Number: (319) 790 - 7901
Telephone Number: (319) 790 - 6480
Email Address: David.Conn@mcleodusa.com

Individual or firm, if other than utility employee, preparing this report

Name:
Title:
Firm/Company:
Office Address:

Fax Number:
Telephone Number:
Email Address:

Name and address of the office where the utility's books are kept

Name: JOSEPH H. CERYANEC
Title: VP - CONTROLLER & TREASURY
Firm/Company: MCLEODUSA, INC.
Office Address: 6400 C STREET SW
P.O. BOX 3177
CEDAR RAPIDS, IA 52406-3177
Fax Number: (319) 790 - 7399
Telephone Number: (319) 790 - 7767
Email Address: Joseph.Ceryanec@mcleodusa.com

IDENTIFICATION AND OWNERSHIP

List names, addresses, and number of shares held by persons owning 5 percent or more of outstanding voting securities. If any stock is held by a nominee, give known particulars as to the beneficial owner (See Wis. Stat. § 196.795(1)(c), for definition of beneficial owner).

Name: FORSTMANN LITTLE & CO.
Address: 767 FIFTH AVE, 44TH FLOOR
NEW YORK , NY 10153

Number of Shares Held: 188,000,000
Beneficial Owner: NONE

List companies owned, controlled, or operated and form and extent of such ownership, control or operation.

Company Name: NONE
Form of Interest: N/A
Extent of Interest: N/A

INCOME STATEMENT - TOTAL COMPANY

Particulars (a)	This Year (b)	Last Year (c)	
Operating Revenues	969,161,920	1,138,434,000	1
OPERATING EXPENSES			
Access and Billing Expenses	224,927,167	294,299,656	2
Local Interconnection	0	0	3
Other Charges Imposed by Another Carrier	396,183,833	400,489,561	4
Communication System Operations	0	0	5
Sales and Marketing	62,662,000	148,490,000	6
Administrative and General	224,343,000	266,007,000	7
Depreciation and Amortization	280,927,000	290,818,000	8
Other	121,878,000	28,855,783	9
Total Operating Expenses	1,310,921,000	1,428,960,000	10
Net Operating Income	(341,759,080)	(290,526,000)	11
OTHER INCOME			
Nonoperating Income and Expense	(45,630,000)	(25,524,000)	12
Nonoperating Taxes	0	0	13
Interest and Related Items	0	0	14
Extraordinary Items	0	0	15
Nonregulated Net Income	0	0	16
Total Nonoperating Income	(45,630,000)	(25,524,000)	17
Net Income	(387,389,080)	(316,050,000)	18

Income Statement - Total Company Note:

Disclose additional material information not included elsewhere in this report that is necessary to make the financial statements clear and understandable, including:

1. A summary of significant accounting policies, including, but not limited to, accounting policies related to pension cost, unbilled revenues, and income taxes.
2. The method of computing depreciation expense.

INCOME STATEMENT - WISCONSIN INTRASTATE OPERATIONS

Particulars (a)	Wisconsin Intrastate % This Year (b)	This Year (c)	Last Year (d)	
Operating Revenues	5.00%	51,312,642	53,516,243	1
OPERATING EXPENSES				
Access and Billing Expenses	0%	8,978,738	3,840,213	2
Local Interconnection	0%	0	0	3
Other Charges Imposed by Another Carrier	0%	22,931,169	41,263,581	4
Communication System Operations	0%	0	0	5
Sales and Marketing	0%	329,290	44,951	6
Administrative and General	0%	1,178,926	10,813,493	7
Depreciation and Amortization	0%	1,889,321	3,413,058	8
Other	0%	640,471	0	9
Total Operating Expenses	0%	35,947,915	59,375,296	10
Net Operating Income	0%	15,364,727	(5,859,053)	11
OTHER INCOME				
Nonoperating Income and Expense	0%	0	0	12
Nonoperating Taxes	0%	0	0	13
Interest and Related Items	0%	0	0	14
Extraordinary Items	0%	0	0	15
Nonregulated Net Income	0%	0	0	16
Total Nonoperating Income	0%	0	0	17
Net Income	0%	15,364,727	(5,859,053)	18

Income Statement - Wisconsin Intrastate Operations Note:

Please state the bases upon which the Wisconsin intrastate factors were developed and provide supporting calculations.

TOTAL COMPANY BALANCE SHEET - ASSETS

Particulars (a)	Balance--EOY (b)	Balance--FOY (c)	
CURRENT ASSETS			
Cash and Cash Equivalents	6,029,000	6,700,000	1
Net Telecommunications Accounts Receivable	61,647,000	146,018,000	2
Net Other Accounts Receivable	489,000	1,566,000	3
Net Notes Receivable	0	0	4
Interest and Dividends Receivable	0	0	5
Materials and Supplies	0	0	6
Prepayments	0	15,059,000	7
Other Current Assets	10,911,000	(2,000)	8
TOTAL CURRENT ASSETS	79,076,000	169,341,000	
NONCURRENT ASSETS			
Investments in Affiliated Companies	0	48,246,000	9
Investments in Nonaffiliated Companies	0	0	10
Other Noncurrent Assets	314,324,992	155,564,992	11
Deferred Charges	0	0	12
TOTAL NONCURRENT ASSETS	314,324,992	203,810,992	
PLANT			
Telecommunications Plant in Service	1,129,917,952	1,644,877,056	13
Less: Accumulated Depreciation and Amortization	242,059,008	507,576,000	14
Net Property Held for Future Telecommunications Use	0	0	15
Net Nonoperating Plant	0	0	16
Telecommunications Plant Under Construction	79,789,000	191,492,992	17
Net Telecommunications Plant Adjustment	0	0	18
TOTAL PLANT	967,647,944	1,328,794,048	
TOTAL ASSETS AND OTHER DEBITS	<u>1,361,048,936</u>	<u>1,701,946,040</u>	

TOTAL COMPANY BALANCE SHEET - LIABILITIES AND CAPITAL

Particulars (a)	Balance--EOY (b)	Balance--FOY (c)	
CURRENT LIABILITIES			
Accounts and Notes Payable to Affiliated Companies	2,622,966,016	2,404,564,992	1
Other Accounts and Notes Payable	241,892,992	337,214,016	2
Advance Billing and Payments	7,883,000	9,997,000	3
Customer Deposits	2,034,000	2,786,000	4
Current Maturities - Long-Term Obligations	3,543,000	15,138,000	5
Taxes Accrued	0	5,643,000	6
Other Current and Accrued Liabilities	49,167,000	31,052,000	7
TOTAL CURRENT LIABILITIES	2,927,486,008	2,806,395,008	
LONG-TERM DEBT			
Net Funded Debt	0	0	8
Obligations Under Capital Leases	0	0	9
Advances from Affiliated Companies	0	0	10
Other Long-Term Debt	0	0	11
TOTAL LONG-TERM DEBT	0	0	
OTHER LIABILITIES AND DEFERRED CREDITS			
Other Long-Term Liabilities	912,000	5,057,000	12
Unamortized Investment Tax Credits	0	219,000	13
Net Noncurrent Deferred Income Taxes	0	527,000	14
Other Deferred Credits	68,431,000	16,366,000	15
TOTAL OTHER LIABILITIES AND DEFERRED CREDITS	69,343,000	22,169,000	
STOCKHOLDERS' EQUITY			
Capital Stock and Paid-In Capital	15,843,000	13,320,000	16
Other Capital	0	0	17
Retained Earnings	(1,651,623,040)	(1,139,938,048)	18
TOTAL STOCKHOLDERS' EQUITY	(1,635,780,040)	(1,126,618,048)	
TOTAL LIABILITIES AND OTHER CREDITS	<u>1,361,048,968</u>	<u>1,701,945,960</u>	

TOTAL COMPANY BALANCE SHEET - NOTES

Other information concerning the total company balance sheet.

RETAINED EARNINGS - TOTAL COMPANY

Particulars (a)	This Year (b)	Last Year (c)	
Balance - First of Year	(1,139,937,920)	(615,108,672)	1
Changes:			
Balance Transferred from Income	(387,389,088)	(316,049,984)	2
Dividends Declared	0	0	3
Miscellaneous Debits to Retained Earnings	0	0	4
Miscellaneous Credits to Retained Earnings	(124,296,032)	(208,779,296)	5
Balance - End of Year	<u>(1,651,623,040)</u>	<u>(1,139,937,952)</u>	6

TELECOMMUNICATIONS PLANT IN SERVICE & ACCUMULATED DEPRECIATION & AMORTIZATION - WISCONSIN

Plant Function (a)	Plant in Service FOY (b)	Additions (c)	Retirements (d)	
GENERAL SUPPORT				
Enter Description Here	0	0	0	1
CENTRAL OFFICE				
Enter Description Here	19,214	0	185	2
INFORMATION ORIG./TERM.				
Enter Description Here	0	0	0	3
CABLE WIRE FACILITIES				
Enter Description Here	0	0	0	4
AMORTIZABLE				
Enter Description Here	0	0	0	5
TOTAL PLANT IN SERVICE	19,214	0	185	

**TELECOMMUNICATIONS PLANT IN SERVICE & ACCUMULATED DEPRECIATION &
AMORTIZATION - WISCONSIN (cont.)**

Plant Function (e)	Transfers / Adjustments (f)	Plant in Service EOY (g)	Acc. Depr. & Amortization EOY (h)	Net Plant in Service EOY (i)	
GENERAL SUPPORT					
Enter Description Here	0	0	0	0	1
CENTRAL OFFICE					
Enter Description Here	(19,028)	1	0	1	2
INFORMATION ORIG./TERM.					
Enter Description Here	0	0	0	0	3
CABLE WIRE FACILITIES					
Enter Description Here	0	0	0	0	4
AMORTIZABLE					
Enter Description Here	0	0	0	0	5
TOTAL PLANT IN SERVICE	(19,028)	1	0	1	

OPERATING REVENUES

Particulars (a)	Wisconsin- Based Intrastate (b)	Wisconsin- Based Interstate (c)	
LOCAL NETWORK SERVICES REVENUES			
End User Retail	36,802,054	0	1
Reciprocal Comp. & Interconnection	2,345,127	0	2
Private Line, Special Access & UNEs	3,540,116	2,090,042	3
Enter Other Description Here	0	0	4
NETWORK INTERSTATE ACCESS SERVICE REVENUES			
End User Line Charge		0	5
Switched		3,921,257	6
Special		0	7
NETWORK INTRASTATE ACCESS SERVICE REVENUES			
Switched	1,056,802		8
Special	0		9
Enter Other Description Here	0		10
LONG DISTANCE NETWORK SERVICES MESSAGE REVENUES			
Enter Description Here	8,079,598	8,307,091	11
LONG DISTANCE PRIVATE NETWORK REVENUES			
Enter Description Here	0	0	12
MISCELLANEOUS REVENUES			
Video Distance Learning	0	0	13
Directory	0	0	14
IRU - Dark Fiber	100,184	0	15
Equipment Revenue	0	147,592	16
Other Revenue	671,889	0	17
Finance Charges	384,314	105,702	18
GROSS OPERATING REVENUES	52,980,084	14,571,684	
UNCOLLECTIBLE REVENUES			
Enter Description Here	1,667,442	458,614	19
TOTAL UNCOLLECTIBLE REVENUES	1,667,442	458,614	
TOTAL OPERATING REVENUES	51,312,642	14,113,070	

OPERATING REVENUES (cont.)

Particulars (d)	Wisconsin- Based Total (e)	Total Company (f)	
LOCAL NETWORK SERVICES REVENUES			
End User Retail	36,802,054	441,672,178	1
Reciprocal Comp. & Interconnection	2,345,127	9,218,460	2
Private Line, Special Access & UNEs	5,630,158	122,635,557	3
Enter Other Description Here	0	0	4
NETWORK INTERSTATE ACCESS SERVICE REVENUES			
End User Line Charge	0	0	5
Switched	3,921,257	97,243,356	6
Special	0	0	7
NETWORK INTRASTATE ACCESS SERVICE REVENUES			
Switched	1,056,802	21,366,747	8
Special	0	0	9
Enter Other Description Here	0	0	10
LONG DISTANCE NETWORK SERVICES MESSAGE REVENUES			
Enter Description Here	16,386,689	262,503,687	11
LONG DISTANCE PRIVATE NETWORK REVENUES			
Enter Description Here	0	0	12
MISCELLANEOUS REVENUES			
Video Distance Learning	0	0	13
Directory	0	0	14
IRU - Dark Fiber	100,184	9,511,810	15
Equipment Revenue	147,592	1,488,272	16
Other Revenue	671,889	25,290,563	17
Finance Charges	490,016	8,205,370	18
GROSS OPERATING REVENUES	67,551,768	999,136,000	
UNCOLLECTIBLE REVENUES			
Enter Description Here	2,126,056	29,974,080	19
TOTAL UNCOLLECTIBLE REVENUES	2,126,056	29,974,080	
TOTAL OPERATING REVENUES	65,425,712	969,161,920	

AVERAGE NUMBER OF SUBSCRIBERS

Average Number of Subscribers (a)	Wisconsin-Based Total (b)	Total Companyl (c)	
Residential	29,539	234,262	1
Business	15,433	197,822	2
Total	44,972	432,084	3

NUMBER OF LIFELINE AND LINKUP CUSTOMERS

Number of Lifeline and Linkup Customers (a)	Wisconsin (Actual No.)(b)	
Number of Lifeline Customers in Wisconsin at December 31, 2002		1
Number of Linkup Customers in Wisconsin Connected During 2002		2

ACCESS EXPENSES, BILLING EXPENSES & CHARGES IMPOSED BY ANOTHER CARRIER

Particulars (a)	Wisconsin- Based Intrastate (b)	Wisconsin- Based Interstate (c)	
ACCESS AND BILLING EXPENSES			
Carrier Common Line (Intrastate IntraLATA)	2,257,611		1
Carrier Common Line (Intrastate InterLATA)	858,475		2
Carrier Common Line (Interstate)		1,796,470	3
Switched Access	5,862,652	3,443,145	4
Special Access	0	0	5
Billing and Collection Expenses	0	0	6
TOTAL ACCESS AND BILLING EXPENSES	8,978,738	5,239,615	
CHARGES IMPOSED BY ANOTHER CARRIER			
Expenses Related to Interconnection with Another Local Exchange Carrier's Facilities	0		7
Expenses Related to the Wholesale Use of Another Carrier's Network (Resale & Unbundled Network Elements) and Tariffed General Service Offerings	22,931,169	13,467,512	8
TOTAL CHARGES IMPOSED BY ANOTHER CARRIER	22,931,169	13,467,512	
TOTAL ACCESS EXPENSES, BILLING EXPENSES & CHARGES IMPOSED BY ANOTHER CARRIER	31,909,907	18,707,127	

**ACCESS EXPENSES, BILLING EXPENSES & CHARGES IMPOSED BY ANOTHER CARRIER
(cont.)**

Particulars (d)	Wisconsin- Based Total (e)	Total Compnay (f)	
ACCESS AND BILLING EXPENSES			
Carrier Common Line (Intrastate IntraLATA)	2,257,611	79,054,834	1
Carrier Common Line (Intrastate InterLATA)	858,475	10,225,306	2
Carrier Common Line (Interstate)	1,796,470	22,740,544	3
Switched Access	9,305,797	112,906,483	4
Special Access	0	0	5
Billing and Collection Expenses	0	0	6
TOTAL ACCESS AND BILLING EXPENSES	14,218,353	224,927,167	
CHARGES IMPOSED BY ANOTHER CARRIER			
Expenses Related to Interconnection with Another Local Exchange Carrier`s Facilities	0	0	7
Expenses Related to the Wholesale Use of Another Carrier`s Network (Resale & Unbundled Network Elements) and Tariffed General Service Offerings	36,398,681	396,183,833	8
TOTAL CHARGES IMPOSED BY ANOTHER CARRIER	36,398,681	396,183,833	
TOTAL ACCESS EXPENSES, BILLING EXPENSES & CHARGES IMPOSED BY ANOTHER CARRIER	50,617,034	621,111,000	

CENTRAL OFFICE DATA - END OF YEAR

When an exchange has more than one central office, data must be reported for each central office.

Description (a)	Central Off. (b)	Central Off. (c)	Central Off. (d)	Central Off. (e)	
Rate Center Name	GREEN BAY	MADISON	MILWAUKEE		1
Central Office (Switch) CLLI Code	GNBYWI06	MDSOWILM	MILKXWI14		2
Switch Location	GREEN BAY	MADISON	MILWAUKEE		3
Manufacturer of COE	LUCENT	LUCENT	LUCENT		4
Year COE Installed	2001	2001	2000		5
Type of Equipment	5ESS	5ESS	5ESS		6
(S)tandalone, (H)ost, (R)emote, (A)dv. Fiber Comm.	S	S	S		7
Remote Host Rate Center Name					8
Remote Host Switch CLLI Code					9
COE Generic Software Release No.	5E15	5E15	5E15		10
SS7?	Yes	Yes	Yes		11
9-1-1?	Yes	Yes	Yes		12
Access Lines - In Use	0	0	0		13
- Equipped	0	0	0		14
- Wired	0	0	0		15
Trunks - In Use	0	0	0		16
- Equipped	0	0	0		17
- Wired	0	0	0		18
ISDN Available?	Yes	Yes	Yes		19
ISDN Lines - In Use (BRI)	0	0	0		20
- In Use (PRI)	0	0	0		21
xDSL Available?	No	No	No		22
- In Use (# lines)					23
Switched 56 Service?	No	No	No		24
Switched 56 lines in use					25
Digital Transmission Facilities: DS-1 - In Use	0	0	0		26
DS-3 - In Use	0	0	0		27
Advanced Data Service Available:					
Packet Switching?	No	No	No		28
SMDS?	No	No	No		29
Frame Relay?	No	No	No		30
ATM (Asynchronous Trans. Mode)?	No	No	No		31
Video Information - Service Available?	No	No	No		32
- In Use (# lines) ¹					33
Fiber Transmission Facilities:					
No. of fiber strands entering C.O.	0	0	0		34
No. of fiber strands working (LIT) in C.O.	0	0	0		35
No. of fiber strands for interoffice use	0	0	0		36
Miles of fiber sheath in wire center	0	0	0		37
Access Tandem Serving this C.O.:					
- Central Office Name	N/A	N/A	N/A		38
- Central Office CLLI Code	N/A	N/A	N/A		39
Does this C.O. do access tandem switching?	No	No	No		40

¹ Teleco provided end-to-end facility.

ASSESSABLE REVENUES

Description (a)	This Year (b)
Calculation of Assessable Revenues for Remainder and Telephone Relay Assessment Purposes	
Gross Operating Revenues--Wisconsin (including outbound interstate revenues)	67,551,768 1
Less: Inbound Interstate Revenues (exclusive of uncollectible service revenues) Included in Line 1 (if any)	0 2
Less : Current Year Write-offs of Uncollectible Revenues	2,126,056 3
Plus: Current Year Collection of Operating Revenues Previously Written Off	0 4
Less : Nonregulated Operating Revenue (included in Gross Oper. Rev. on Line 1)	5
Plus: Nonregulated Net Write Off Amount (included on Lines 3 and 4)	6
Total Assessable Revenues for Remainder and Telephone Relay Assessment Purposes	65,425,712 7

Assessable Revenues for Universal Service Fund Assessment Purposes

Wisconsin Gross Intrastate Operating Telecommunications Service Revenue	52,980,084 8
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Notes

"Gross Operating Revenues--Wisconsin" are revenues before consideration of uncollectible revenues. These revenues include revenues from inbound interstate 800 and collect calls billed to customers in Wisconsin.

"Outbound interstate revenues" are service operations revenues received from communications originating at points within Wisconsin and terminating at points outside the state.

"Inbound interstate revenues" are service operations revenues received from communications originating at points outside the State of Wisconsin and terminating at points within the state.

(NOT TO BE EXCLUDED HERE ARE INBOUND INTERSTATE 800 AND COLLECT REVENUES BILLED TO CUSTOMERS IN WISCONSIN).

"Gross" means revenue before consideration of uncollectible amounts. Access expenses may not be netted against assessable revenues.

"Intrastate" means telecommunications service originating and terminating within the State of Wisconsin. Intrastate revenue does not include interstate access revenue.

"Operating" means provision of telecommunications services.

"Telecommunications service revenue" for the purpose of this assessment does not include cable television service, broadcast service, rents, directory revenue, carrier billing and collection revenue, nonregulated customer premises equipment revenue, or other miscellaneous or nonregulated revenue. However, it does include video distance learning revenue and payphone revenue (the latter which was deregulated in 1997).

OTHER INFORMATION

Additional or other information concerning this annual report.

Plant and facilities are owned by McLeodUSA Network Services, Inc.

SCHEDULE AND REPORT NOTES

General Footnote

Schedule Footnotes

Cover Page Footnote. Page 1

SCHEDULE AND REPORT NOTES**Central Office Data - End of Year Footnote. Page 19**

McLeodUSA Telecommunications Services, Inc. has collocation equipment in the Wisconsin Central Offices listed below. The total number of lines being served from each McLeodUSA collocation in Wisconsin, as of December 31, 2002, is depicted below.

Central Office Rate Center CLLI Code Ending Lines 12/31/02

ANTGWIXA	ANTIGO	ANTGWIXADS0	-
APPLWI01	APPLETON	APPLWI01DS0	4,309
ASLDWI01	ASHLAND	ASLDWI01DSA	7
BELTWI01	SO BELOIT	BELTWI01DS0	2,875
BFTWWI11	MILWAUKZN2	BFTWWI11RS1	19
BGBNWI11	BIG BEND	BGBNWI11RS0	14
BURLWI11	BURLINGTON	BURLWI11RS0	1,588
BVDMWI01		BVDMWI01DS0	96
BVDMWI01	BEAVER DAM	BVDMWI01DSA	1
CDBGWI15	THIENSVL	CDBGWI15DS0	708
CHFLWI11	CHIPPEWFLS	CHFLWI11DS0	1,784
CHFLWI11		CHFLWI11DSA	2
CLDNWI14	CALEDONIA	CLDNWI14RS0	2
DEPRWI11	DE PERE	DEPRWI11DS0	1,621
DLVNW111	DELAVAN	DLVNW111RS0	243
ELWOWI11	ELLSWORTH	ELWOWI11RS0	13
EUCLWI01	EAU CLAIRE	EUCLWI01DS0	5,699
EVVLWI11	EVANSVILLE	EVVLWI11RS0	3
FDULWI01	FONDDU LAC	FDULWI01DS0	2,654
FTATWI11	FTATKINSON	FTATWI11RS0	1,359
GNBYWI01	GREEN BAY	GNBYWI01DS1	1,755
GNBYWI06	GREEN BAY	GNBYWI06DS0	619
GNBYWI11	GREEN BAY	GNBYWI11DS0	2,879
GNBYWI11	GREEN BAY	GNBYWI11RS0	2
GNBYWI12	GREEN BAY	GNBYWI12DS0	1,240
GNBYWI12	GREEN BAY	GNBYWI12RS0	52
GNBYWI13	GREEN BAY	GNBYWI13DS0	1,539
GNCYWI12	GENOA CITY	GNCYWI12RS0	1
GNVLWI12	APPLETON	GNVLWI12RS0	20
HBTSWI11	HUBERTUS	HBTSWI11DS0	13
HDSNWI01	HUDSON	HDSNWI01DS0	5
HDSNWI01	HUDSON	HDSNWI01DSA	36
HLTNWI11	HOULTON	HLTNWI11RS1	1
HRLDWI11	HARTLAND	HRLDWI11DS0	42
HRLDWI11	NORTH LAKE	HRLDWI11DSA	16
HRLDWI11		HRLDWI11DS0	2
JCSNWI11	JACKSON	JCSNWI11DS0	7
JCSNWI11		JCSNWI11DSA	2
JFSNWI11	JEFFERSON	JFSNWI11RS0	451
JNVLWI01	JANESVILLE	JNVLWI01DS0	3,610
JUNEWI11	JUNEAU	JUNEWI11RS0	4
KAUKWI11	KAUKAUNA	KAUKWI11RS0	1,246
KENOWI01	KENOSHA	KENOWI01DS0	2,966
KENOWI11	KENOSHA	KENOWI11DS0	1,109
LDYSWI11	LADYSMITH	LDYSWI11RS0	3
LKGNWI01	LAKEGENEVA	LKGNWI01DS0	7
MDSNWI11	MADISON	MDSNWI11DS0	953
MDSNWI12	MADISON	MDSNWI12DS0	1,402
MDSNWI13	MADISON	MDSNWI13DS0	497
MDSNWI14	MADISON	MDSNWI14DS0	919

SCHEDULE AND REPORT NOTES

MDSNWI14	MADISON	MDSNWI14DS0	319
MDSNWI16	MADISON	MDSNWI16DS0	1,290
MDSNWI17	SO BELOIT	MDSNWI17DS0	8
MDSOWILM	SO BELOIT	MDSOWILMDS0	900
MILWWI10	MILWAUKZN1	MILWWI10DS0	733
MILWWI12	MILWAUKZN1	MILWWI12DS2	1,116
MILWWI13	MILWAUKZN1	MILWWI13DS1	981
MILWWI16	THIENSVL	MILWWI16DS0	815
MILWWI17	MILWAUKZN1	MILWWI17DS0	239
MILWWI22	MILWAUKZN1	MILWWI22DS0	710
MILWWI23	THIENSVL	MILWWI23DS0	644
MILWWI25		MILWWI25CG0	6
MILWWI25	MILWAUKZN3	MILWWI25DS0	427
MILWWI27	MILWAUKZN1	MILWWI27DS0	378
MILWWI28	MILWAUKZN4	MILWWI28DS0	823
MILWWI30	MILWAUKZN1	MILWWI30DS0	734
MILWWI31	MENOMONFLS	MILWWI31DS0	779
MILWWI34	MILWAUKZN1	MILWWI34DS1	867
MILWWI38	MILWAUKZN4	MILWWI38RS1	17
MILWWI42	MILWAUKZN1	MILWWI42DS0	785
MILWWI45	MILWAUKZN2	MILWWI45DS0	221
MILWWI45	MILWAUKZN2	MILWWI45DS1	835
MILWWI48	MILWAUKZN1	MILWWI48DS0	281
MILWWI56	MILWAUKZN5	MILWWI56DS0	1,022
MILXWI14	HARTFORD	MILXWI14DS0	3,055
MILXWI1L	MILWAUKZN2	MILXWI1LDS0	10
MILXWI1J	MUKWONAGO	MILXWI1JICM0	-
MKT19806		MKT19806CLI	2,744
MNFWI132	MENOMONFLS	MNFWI132DS0	947
MNFWI132		MNFWI132DSA	2
MNMNWI11	MENOMONIE	MNMNWI11DS0	1,108
MNTWWI01	MANITOWOC	MNTWWI01DS0	3,160
MSKGWI36		MSKGWI36DS0	7
MSKGWI36	MUSKEGO	MSKGWI36DSA	2
MYVLWI11	MAYVILLE	MYVLWI11RS0	5
NENHWI11	NEENAH	NENHWI11DS0	1,875
NWBGWI11	NEWBURG	NWBGWI11RS0	-
NWLNIWI11	NEW LONDON	NWLNIWI11RS0	-
OCNMWI11	OCONOMOWOC	OCNMWI11DS0	24
OMROWI11	OMRO	OMROWI11DS0	2
OSHKWI01	OSHKOSH	OSHKWI01DS0	2,688
OSHKWI01	OSHKOSH	OSHKWI01DSA	2
PEWKWI11	WAUKESHA	PEWKWI11RS1	29
PEWKWI40	PEWAUKEE	PEWKWI40DS0	63
PRSDWI11	KENOSHA	PRSDWI11DS0	689
PRSDWI11	PARKSIDE	PRSDWI11RS0	1
PTWAWI11	PTWASHIGTN	PTWAWI11RS0	29
RACNWI01	RACINE	RACNWI01DS0	2,477
RACNWI11	RACINE	RACNWI11DS0	684
RACNWI11		RACNWI11DSA	-
RBRTWI11	ROBERTS	RBRTWI11RS1	1
RVFLWI11	RIVERFALLS	RVFLWI11DS0	7
RVFLWI11		RVFLWI11DSA	9
SAXNWI11	HURLEY	SAXNWI11RS0	2
SGTNWI11	STOUGHTON	SGTNWI11DS0	776
SHBYWI01	SHEBOYGAN	SHBYWI01DS0	4,167
SHFLWI12	SHEBOGNFLS	SHFLWI12DS0	352

SCHEDULE AND REPORT NOTES

SMRSWI11	SOMERS	SMRSWI11RS0	2
SPRRWI11	SUPERIOR	SPRRWI11RS0	97
SPRRWI12	SUPERIOR	SPRRWI12DS0	750
SPRRWI13	SUPERIOR	SPRRWI13RS0	29
STBYWI11	STURGEONBY	STBYWI11RS0	2,048
STE19988		STE19988CLI	1,868
STNLWI12	STANLEY	STNLWI12RS0	2
STPTWI01	STEVENS PT	STPTWI01DS0	10
STRTWI11	RACINE	STRTWI11DS0	704
SUSXWI46	SUSSEX	SUSXWI46DS1	9
UNGVWI11	UNIONGROVE	UNGVWI11RS0	7
VNDNWI11	VAN DYNE	VNDNWI11RS1	3
WALLWIFI	CEDARBURG	WALLWIFIDS0	15
WAPNWI11	WAUPUN	WAPNWI11RS0	628
WBNDWI01	WEST BEND	WBNDWI01DS0	527
WHWRWI11	WHITEWATER	WHWRWI11DS0	321
WKSHWI47	WAUKESHA	WKSHWI47DS0	1,130
WPCAWI11	WAUPACA	WPCAWI11DS0	3
WSBNWI11	WASHBURN	WSBNWI11RS0	1
WTTWWI01		WTTWWI01DS0	7
WTTWWI01	WATERTOWN	WTTWWI01DSA	259
